

Draft Political Resolution
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As he began a talk in the mid-1920s to a conference of the Georgian Bolshevik Party on the prospects for the Russian Revolution, Leon Trotsky explained, "The world situation means for us the aggregate of conditions which hasten or delay the process of proletarian revolution." It is our tradition to begin any discussion on the U.S. political situation with a brief analysis of the world political situation. As both scientific socialists, that is, Marxists, and as internationalists, we understand the absolute necessity of anchoring our analysis in the context of the larger developments in world economy and politics.

Trotsky's talk was given at a time when the flames of the international revolutionary movement that emerged from the world's first imperialist war and the associated victory of the working class in the world's largest nation, Russia, had died down considerably. It was a difficult moment and a time for sober analysis of future prospects. But it was also a time that preceded the world's second world conflagration, World War II, by only some 14 years, an event that again shook the foundations of the world capitalist system.

The international situation today remains extremely contradictory. On the one hand U.S. imperialism remains the top dog in world politics, a rabid dog to be sure! In the last four years it has "successfully" [and I use this word in quotation marks.] invaded and conquered three nations, Yugoslavia, where it occupies Kosovo, Afghanistan and Iraq. It has spent unprecedented trillions of dollars on war materials, the most advanced on the planet. It threatens future neo-colonial invasions in North Korea, Iran and most recently, revolutionary Cuba. It has armed Latin American dictatorships in Colombia to the teeth and sent troops to the Philippines to quell revolutionary struggles. It backed a failed rightwing coup in Venezuela and threatens to send troops there and to several other Latin American countries where the masses have mobilized to drive out several discredited politicians who have implemented U.S.-backed neo-liberal economic reforms.

U.S. imperialism now boasts the capture of its former ally, the dictator Saddam Hussein and has its chief executive officer, George W. Bush, announce to the world that no country that opposed the U.S. war against Iraq will receive any contracts to do business in that country.

The U.S. boasts a recovering economy and touts the last quarter's rapid rise in the stock market as proof. On the surface, at least, American imperialism seems to have met with some success. Let's take a closer look.

Iraq: The state of occupation and resistance

The American administrator in Iraq, Paul Bremer, according to the January 16 NYT, is "trying to rescue its troubled plans to restore sovereignty to Iraq by joining with Iraqi leaders to press the United Nations to play a role in choosing an interim government."

The U.S. is appealing to the European nations that have deciding UN votes. Bush, says the Times, is considering reversing itself in regard to its previous decision to exclude from Iraqi construction contracts, not to mention exploitation of Iraqi oil, Germany, France and Russia, the nations whose pre-war oil contracts were torn up following the U.S. invasion. The imperialist bully is finding it harder to achieve the total victory it counted on after its initial military success.

We want to modify our previous assessment of the most likely post-Iraq war situation where we were quite skeptical regarding the capacity of the Iraqi people to mount anything resembling a sustained resistance. What we expected to be relatively sporadic skirmishes from a defeated and leaderless people has proven to be a significant and sustained response. This takes place under the most difficult conditions. Each act of resistance is countered by massive destruction. Iraq mirrors the Palestinian horror where brute force is the prime weapon of the hated occupiers.

Significant U.S. casualties, some 550 deaths to date, have brought home the reality of the war. This figure does not include the losses suffered by the British and the token forces from other nations that the U.S. has pressured or paid to give its occupation an international appearance. And this excludes the losses suffered by Iraqi police hired by the conqueror. 8,000 Iraqis have been slaughtered, many Sharon style, that is, by collective punishment, as their villages are bombarded and leveled with depleted uranium shells fired by U.S. forces.

The nature of the fighting in Iraq is reflected in the fact that there have been few takers of the \$10,000 re-enlistment bonus offered by the Pentagon. No American is safe in Iraq, from soldiers encamped on their bases, to helicopter and other aircraft pilots to high level diplomats in hotels en route to the airport.

As Gerry Foley has reported in the January *Socialist Action*, the U.S. military is stretched thin across the globe and has floated the idea of re-instituting the draft to beef up its forces. A draft in the U.S. can be expected to add qualitatively to the significant antiwar opposition in the United States that has already absorbed some important lessons. The most important of these, of course, is the now proven fact that the major pretexts for the war, the possession by Iraq of weapons of mass destruction and Iraq's involvement in the 911 terrorist attack on the U.S., were lies plain and simple.

The contradiction between the wide exposure of these lies and the still docile reaction can only be explained by the fact that no oppositional force in U.S. society yet exists to make the liars pay the price. But the exposé has nonetheless penetrated into the broader consciousness where it rests for the time being, awaiting the opportunity for expression. That the government lies, that good paying jobs are lost, never to be replaced, is known by increasing millions. The solution resides in the future, with the emergence of class-based movements capable of presenting more definitive challenges to the status quo, perhaps not that far off.

But the failure of the U.S. to find any weapons of mass destruction has been noted well

by the American antiwar movement and the population as a whole. The well-publicized remarks of the now-resigned head of the American inspection team Dr. David Kay, to the effect that there never were "weapons of mass destruction" in Iraq when the war began has further exposed the lying U.S. pretext.

Bush's approval ratings, fluctuating just above or below 50 percent, have dropped significantly despite the original corporate media hype designed to portray his murderous war as an act of self-defense against imminent attack. Today, the same hype aimed at justification of the occupation based on the new invention that the war served to remove a dictator and open the door for Iraqi freedom, is wearing thin. Very few serious people believe it. It was a war for oil, for power, for advantage over imperialist competitors. In short it was an expression of the growing antagonisms between the great powers stemming from the deepening economic crisis facing world capitalism.

In Iraq itself, the occupation faces resistance from all quarters, even from the Shiite majority collaborationist leadership who now see the U.S. dilemma as opening up possibilities for a better deal than the initial U.S. "offer" of virtual total submission. From the Shiites who resent the imposition of a U.S.-controlled government, to the minority Sunnis, largely frozen out of the "democratic process" to the Kurds, who have not forsaken their fight for self-determination, the imperialist occupation is increasingly resented.

What is close to miraculous about the underground resistance is its remaining capacity to inflict major casualties against a world power that has at its command the most powerful technologies known in history. The fact that the resistance has continued after Saddam Hussein's capture only emphasizes the depth of the hatred against the invaders. Coupled with the guerrilla war is the open opposition manifested by massive worker protests in the tens of thousands for jobs, trade union rights, and the restoration of the destroyed nation's infrastructure. And all this is compounded by the occupier's inability to rapidly repair, protect and exploit Iraq's vast oil resources. The fact that the Iraqi actions include some desperate suicide missions that have resulted in civilian casualties has not negated the mass character of the opposition to the imperialist occupation. A recent poll indicated that 78 percent oppose it.

While the U.S. rulers fall deeper into the Iraqi quagmire they will continue to maneuver to secure the compliant government they seek. It is critical that the antiwar movement stays clear of these debates, including stating a preference for the nature of the government to be established whether it be a product of "free elections," as demanded by the Shiite majority, or some other formula.

The U.S. antiwar movement and the Palestinian struggle

The antiwar movement cannot both call for "Out Now!" and support the right of self-determination of the Iraqi people on the one hand and recognize any rights of the imperialist occupier on the other. This includes the right of the U.S. (as opposed to the free and independent, non-occupied Iraqi people) to try Saddam Hussein as a war

criminal or for any other offense. We take the same position in regard to Slobodan Milosevic, regardless of his crimes against the Kosovars.

The continued struggle of the Iraqi people enables the U.S. antiwar movement to mount still important actions on the streets of the U.S. The modest initial actions on October 25 can now be seen as a resting point for the movement rather than an indication of the need for retreat. The March 20 protests set for Washington, D.C., San Francisco and Los Angeles initiated by A.N.S.W.E.R and supported by the United For Peace and Justice Coalition, can be expected to mobilize broader forces.

The addition of the struggle for Palestinian freedom to the Out Now! demands of March 20 should not detract from the demonstration's turnout. It will serve to deepen the understanding of the U.S.-backed Israeli regime as the oppressor of the Palestinian people and of the U.S. as the parallel oppressor of the Iraqi people.

We do not believe that the addition of the Palestinian issue limits the size of the antiwar movement. As we have noted in the past the forces that previously opposed the inclusion of this issue are in retreat and the knowledge of the nature of the Palestinian oppression and U.S. complicity has taken a major step forward.

While we cannot expect the size of the March demonstrations to rival the mass mobilizations last year as the war was in full swing, we can project that they will be significant in size and attract many of the best antiwar fighters. As opposed to the demoralizing defeat that the movement suffered following the 1991 war, where the movement's capacity for mass mobilizations was crippled for more than a half decade, the ongoing post-war struggle of the Iraqi people coupled with the growing restiveness in the U.S. associated with the "jobless recovery" and the continuing assaults on democratic rights, will guarantee the antiwar movement's modest but steady progress.

A final point on the Middle East is in order. With the unceasing and naked moves of the Israeli Zionist settler regime to forcefully expel Palestinians en masse, important sections of both the U.S. antiwar movement and the Palestine people more generally are coming to realize the absolute futility of the demand for a separate Palestinian state based on the recognition of the formation of Israel and the legitimacy of the UN partition. Bush's "road map for peace" and its reflection in the proposed Geneva Accords spell out the Zionist and imperialist plans in detail. Palestine, at best, is to be restricted to a Bantustan-like existence, that is, Palestinians are to be restricted to tiny, economically non-viable, individually isolated and militarily controlled zones that in no stretch of the imagination can be considered a viable nation.

Recognition of this fact is now widespread culminating in a petition initiated by U.S.-based Arab American organizations and signed originally by 1,000 leading activists and intellectuals. The petition, although with some ambiguity, comes as close to a democratic secular Palestine solution, our position, than we have seen for decades.

The petition's correct insistence on the right of return of all Palestinians in the Diaspora,

to the lands and property of their birth marks a step forward for the Palestinian struggle.

Tragically, this new orientation appears to be the product of decades of defeat, as reformist attempts at a negotiated two-state solution proved futile and as Israel policy proceeds inexorably toward driving all Palestinians out of what remains of Palestine as well as from the illegitimate Israel state. The latter has today replaced some 400,000 Palestinian workers with workers from other nations, bringing the unemployment rate of Palestinians to well over 70 percent.

The inclusion of the Palestine issue into the U.S. antiwar movement marks an important step forward, a step that was not possible only a few short years ago.

The 2004 elections

The extent to which the size of these antiwar actions will be less than their potential, however, will not be determined by objective factors like the ongoing struggles of the Iraqi people or the growing impact on workers of the profit driven decisions to offshore U.S. jobs or to increase productivity by the substitution of machines for workers. Rather, the conscious decisions of significant sectors of the movement itself to subordinate mass antiwar mobilizations to the election of lesser evil Democrats in 2004 will impact the antiwar movement's potential.

The leadership of the UFPJ is a case in point. This outfit's national coordinating committee has already declared that its major priority in 2004 is to replace George Bush with a "lesser evil" Democrat. We have covered this phenomenon in our press. It is far from limited to the UFPJ. With few exceptions the liberal/left activists and intellectuals, in full retreat, have dedicated the coming year to turning every social protest group they can toward electoral activity, from voter registration drives to the organization of legitimate mass protests with a barely-disguised agenda of electing Democrats.

This applies equally to the forces around the Not In Our Name Coalition who are preparing a major demonstration aimed at the Republican Party Convention only.

To date the ANSWER coalition has refrained from open support to the Democrats although the track record of the leading component of this formation, the Workers World Party, indicates adeptness at organizing mass protests to "Fight the Right" as election time approaches. For the moment it appears that ANSWER will use the stage of its protests to showcase so-called antiwar Democrats who will undoubtedly denounce President Bush, rather than opt for a more direct or overt orientation toward ruling class politics as in the case of UFPJ.

The fact that not a single one of the Democratic Party hopefuls stands for the movement's central demand, "Bring the Troops Home Now!" makes it more difficult for the various reformists to totally disorient the antiwar movement. Even the longshot Dennis Kucinich, touted as "THE" antiwar candidate, prominently features the slogan "U.S. Out! UN In!" on his website. Kucinich favors U.S. troops in Iraq but prefers some international cover

for the operation. Howard Dean prefers to take the middle road, posing as a moderate Iraq policy critic but rejecting the movement's Out Now! position. With Dean's declining prospects, following the Iowa Caucuses, none of the remaining ranking contenders offers even a semblance of antiwar opposition.

This contrasts significantly with the Vietnam era when significant portions of the movement itself, especially in the early stages, supported a negotiated settlement as opposed to "Out Now!" While the UFPJ effort to orient the movement toward the Democrats will continue, as will the Noam Chomsky-endorsed petition to "Stop George Bush!" by voting for a Democrat who "will not meet all your criteria," it is unlikely that the mass actions will cease. It is likely that their size will diminish but more due to the fact that the defeat of the Iraqi people and the occupation is an accomplished fact than as a result of the efforts of conscious reformists.

We will continue our modest participation in the antiwar movement as before, endorsing the actions, building support in our press, mobilizing our periphery to attend and organizing the best propaganda intervention we can on the day of the various events. We do this with the understanding that our limited forces make it impossible to both play a leading role in the movement and win the necessary cadre to Socialist Action at the same time. The daily work of SA will focus on the later.

The National Organization of Women's April 25 Washington, D.C. mass action for abortion rights is another case in point where the legitimate demands of the oppressed are used for alien purposes. Both NOW and NARAL (National Abortion Rights Action League) have failed to organize a single mass action or other protest in recent years to challenge the continuing assault on reproductive rights. As in the past, their calls to mobilize are left to election time. Their aim is to use the occasion to mobilize women and their allies to vote for the lesser evil. The scene in Washington is usually characterized by a parade of Democrats on the stage, local and national, who gather to lay the blame for the plight of women on the Republicans, while the Democratic Party, fully complicit in the assault on abortion rights, is portrayed as the champion of the women's movement.

In the absence of a mass force capable of posing a clear independent alternative, these legitimate mass mobilizations will continue to have a contradictory character. Of course, we will use the opportunity to educate on the need to build a movement that relies on its own independent strength and rejects the false proposition that social change stems from reliance on capitalist parties or politicians. We will endorse and support NOW's April 25 action in our critical manner. The basic demands for abortion rights and opposition to the mounting efforts to ban abortion entirely are on the mark. The notion that they can be achieved through subordinating the movement to the Democratic Party is fatally flawed.

NOW itself has undergone a major transformation. Its local chapters are largely ossified, rarely meet, and function more as adjuncts to the Democratic Party than as activist centers fighting for women's rights. In San Francisco, in decades past, a vibrant chapter, today the group's local leaders are more often than not employees of the Democratic Party, staff local offices and otherwise act to advance their personal careers as

Democratic Party functionaries.

Illusions in the twin parties of capitalism remain high, especially in the absence of a real alternative. The labor bureaucracy is incapable of providing even the semblance of opposition. It has declared well in advance that its class collaborationist orientation will be maintained at all costs, both in the political arena where several of the largest AFL-CIO unions have already declared for Howard Dean to trade union struggles. where, for example, the 70,000 member United Food and Commercial Workers strike in Southern California has been left to the mercy of the boss class.

Green Party reformism

The reformist Greens find themselves in a dilemma. Their 2000 presidential candidate, Ralph Nader, is finding it difficult to maintain his credibility as an "independent" candidate and not run for the presidency at the same time. Nader is currently floating the idea that he will enter the race as an individual as opposed to the official candidate of the Greens, a tactic designed to present even less of an obstacle to the Democrats than in the past.

The Green Party itself, oriented to a "kinder, gentler" capitalism, is sharply divided on the issue of running a presidential candidate. As in 2000, both Nader and the Greens are exploring ways to avoid interfering with a Democratic Party victory in 2004. Nader has stated without equivocation that any decision he makes will be designed to strengthen the hand of the Democrats. His current position is that he can best accomplish this goal by running for the presidency and thereby bring into the electoral process, by way of registration drives, voters who would not otherwise participate. Once registered Green, or "Independent," says Nader, the idea is to have his supporters cast their votes for local Congressional Democratic Party candidacies to which his followers will offer no opposition. As in the past, at the national level, Nader would coach his supporters to limit their votes for him by casting a Nader vote only in those states where it is a foregone conclusion that the Republican cannot be defeated, the "safe state" approach. Otherwise, Nader's message, if he decides to run at all, will be to vote for a Democrat.

Peter Camejo has stepped into this potential void with his "Avocado Declaration" where he asserts that the Democrats, historically, and in the present, are fundamentally the party of a wing of capital, aimed at defusing social struggles by drawing supporters into its ranks. But Camejo's left-reformist perspective is devoid of class analysis. In this sense it follows in the Nader tradition.

The San Francisco mayoralty race also highlighted the limits of Green politics. Green candidate Matt Gonzalez, former Democrat and currently president of the SF Board of Supervisors (city council) won over 47 percent of the vote in a recent race against the machine-run Democratic Party. The Democrats were compelled to bring in their big guns, Clinton, Gore and Jesse Jackson, to ward off the Gonzalez challenge. But Gonzalez was quick to assert that the Greens would play no "spoiler" role in the coming national elections, declaring his support for Senator Barbara Boxer's re-election and for the

Kucinich candidacy well in advance. The Green Party's Peter Camejo, supported Gonzalez's candidacy and has also declared his support for Kucinich, should he win the presidential nomination.

The left and the 2004 elections

The range of the liberal/"left" rush to the Democrats extends from The Nation Magazine, the UFPI, NOW, the labor bureaucracy of every stripe, to the CoC, and the Communist Party.

The Workers World party has thus far refrained from entering the fray, although it has done so in the past either through the medium of organizing election time "Fight the Right" demonstrations with a broad array of Democrats on its platforms, or in the form of outright support to individual Democrats.

The centrist ISO is likely to repeat its 2000 support to Nader and/or the Greens. The ISO supported Camejo's gubernatorial candidacy in the California recall election. It is not new to class collaborationist politics, lending support to Mexico's Cuatemoc Cardenas and the pro-capitalist ANC's Nelson Mandela in years past.

The recent California recall elections results are instructive. The background to the election was the Enron scandal and a partially associated and unprecedented state budget deficit of \$38 billion that was employed to justify legislation for massive social cutbacks of every sort. When the choice was between the formally responsible Democratic Party Governor, Gray Davis, the man in charge, and "throw the bunglers out" actor Arnold Schwarzenegger, the choice was simple for most voters. The result reflected the widespread anger at the social cutbacks and the subordination of the public interest to the corporate hierarchy. Despite all the early predictions to the contrary, the state's voters broke every precedent for a century and more and gave the boot to Davis.

The recall positions of the "left" were revealing. The Green's state committee, divided on whether to urge a "Yes" vote. It took "no position." Peter Camejo nevertheless ran for governor as a Green candidate, supported the recall and received some 2.7 percent of the vote. Camejo's campaign leaned toward the Democrats. He indicated that he was closer to the Democratic standard-bearer Cruz Bustamonte and "could work with him" as opposed to Schwarzenegger. He also indicated support to Kuchinich's presidential candidacy.

The Peace and Freedom party, that had recently regained its ballot status, urged a vote against the recall. Despite its contorted explanation that rightwing forces were behind it, it was difficult for Peace and Freedom to explain why its position did not amount to support for Governor Grey Davis. The CP and CoC opposed the recall.

The Paul O'Neill affair

A noteworthy controversy is unfolding nationally with the recent publication of a book by former Bush Treasury Secretary Paul O'Neill. While the media focussed on O'Neill's

exposure of the fact that the Bush Administration had planned the Iraq invasion long before the 911 Twin Tower terror bombing, his differences with Bush over fundamental economic policy were largely ignored. O'Neill was fired because of his objections to Bush's seeming indifference to massive deficit spending. O'Neill claims that Bush stated at various internal meetings, "The deficit doesn't mean anything."

The conservative O'Neill was simply advocating the traditional Republican policy, that is, don't spend money you don't have, as opposed to the supposed Democratic Party credo to use deficits in difficult times to fund threatened social programs. In truth, neither party these days spends money to fund social programs. Clinton both cut them beneath the bone and spent \$1.3 trillion to help bail out the corporate rich.

Bush did the same, but with a bit more controversy because his trillion-dollar corporate welfare tax cut was implemented in the context of an admitted budget deficit. Clinton had his congressional committee rig the figures to show that his claimed surplus was credible, thereby justifying his tax cut.

The O'Neill affair reveals two fundamental truths about imperialist politics and economics. First, pretexts are employed for war when the need is there, that is, when there are few alternatives to maintaining profit rates and the broader economic system. Second, Bush ignored so-called ideological economic imperatives to do what was necessary when the boss class's profit rates were flagging. In the name of his class he did what every other imperialist power has done, cut wages and social benefits of every kind by any means necessary in order to remain competitive in the worldwide struggle for profits.

U.S. hegemony and Professor Du Boff's economic statistics

An incisive article by Bryn Mawr Professor Emeritus Richard B. Du Boff entitled "U.S. Hegemony: Continuing Decline, Enduring Danger" details the extent of the economic crisis facing U.S. imperialism as its imperialist rivals combine to erode U.S. economic power. We have quoted a lengthy portion to summarize our viewpoint that the trend of the U.S. economy in particular is increasing bleak and that the fundamental decisions of the U.S. ruling class, whether led by Clinton or Bush or anyone else, must be toward increasing confrontations with workers at home and imperialist competitors abroad.

Professor Du Boff begins:

"Global hegemony" might be defined as a situation in which one nation-state plays a predominant role in organizing, regulating, and stabilizing the world political economy. The use of armed force has always been an inseparable part of hegemony, but military power depends upon the economic resources at the disposal of the state. It cannot be deployed to answer every threat to geopolitical and economic interests, and it raises the danger of imperial overreach, as was the case for Britain in South Africa (1899-1902) and the United States in Vietnam (1962-1975).

"Britannia ruled the waves from 1815 to 1913, but by the 1890s she was under economic challenge from the United States and Germany, and between the two world wars was no longer able to function as underwriter to the world system. U.S. hegemony began during the Second World War and peaked some thirty years later. The United States still has immense - unequalled - power in international economics and politics, but even as the sole superpower it finds itself less able than it once was to influence and control the course of events abroad. Its military supremacy is no longer matched in the economic and political spheres, and is of dubious value in preserving the global economy. In 1971 the United States was unable to avoid military defeat in Vietnam and a draw in Korea.

Slow Merge Ahead: Hegemony Since the 1970s

"An idea of the decline of American economic power can be formed from the following:

"In 1950 the United States supplied half the world's gross product, against 21 percent at present. Sixty percent of the world's manufacturing production in 1950 came from the United States, 25 percent in 1999. The U.S. share of exports of commercial services, the fastest growing part of the world economy, stood at 24 percent in 2001, while the European Union (EU) had 23 percent - 40 percent if intra-EU exports were counted.

"Non-U.S. companies dominated major industries in 2002, accounting for nine of the ten largest electronics and electrical equipment manufacturers; eight of the ten largest motor vehicle makers and electric and gas utilities; seven of the ten largest petroleum refiners; six of ten telecommunications companies; five of ten pharmaceutical firms; four of six chemical producers; four of seven airlines. Of the twenty-five largest banks in the world, nineteen were non-U.S. banks, although the two largest were Citigroup and Bank of America.

"Of the top one hundred corporations in the world in 2000 ranked by foreign-held assets, twenty-three were American. Together, Germany, France, the United Kingdom, and the Netherlands, with a combined gross domestic product (GDP) seven-tenths that of the United States, had forty; Japan had sixteen. During the 1990s, the share of U.S. multinationals in the foreign sales of the world's one hundred largest multinationals decreased from 30 to 25 percent; the share of EU-based companies increased from 41 to 46 percent.

"Twenty-one percent of the world's stock of direct investment in other countries was American in 2001, compared with 47 percent in 1960. During 1996-2001, 17 percent of all new direct investment abroad came from the United States and 16 percent from Great Britain; together, France and Belgium-Luxembourg supplied 21 percent.

Of the twenty-five largest mergers and acquisitions (M&As) in the United States in 1998-2000, five involved takeovers by foreign multinationals (three British, two German). Of the top twenty corporations involved in cross-border M&As from 1987 through 2001, only two were U.S. (General Electric and Citigroup); they accounted for 5 percent of the value of all M&A deals during these years.

"In global finance, the United States is not only less dominant, but vulnerable. The weak link is the dollar, whose status as the world's key currency has been eroding since the 1970s, irregularly and with periodic revivals. Between 1981 and 1995, the share of private world savings held in European currencies increased from 13 percent to 37 percent, while the dollar's share fell from 67 to 40 percent.

"Forty-four percent of new bonds have been issued in euros since the new currency was introduced in 1999, closing in on the 48 percent issued in dollars. Half the foreign exchange reserves held by the world's central banks were composed of dollars in 1990 compared to 76 percent in 1976; the proportion rose back to 68 percent in 2001 because of the phasing out of ecus (reserves issued to European banks by the European Monetary Institute) to make way for the euro. For the first time since the Second World War there is another source of universally acceptable payment and liquidity in the world economy - at a moment when the U.S. balance of international payments is chalking up record deficits.

"Since 1971, when the United States had a deficit in its trade in goods (merchandise) for the first time in seventy-eight years, exports have exceeded imports only in 1973 and 1975. A nation can run deficits in its trade in goods and still be in overall balance in its dealings with foreign countries. Deficits in trade in goods can be offset by having a positive balance in sales of services abroad (financial, insurance, telecommunications, advertising and other business services) and/or income from overseas investments (profits, dividends, interest, royalties, and the like). But the U.S. merchandise deficit has become too big to be paid for by services sold to foreigners plus remittances on investments. The U.S. current account (the sum of the balances in trade in goods and services plus net income from overseas investment), almost constantly in surplus from 1895 to 1977, is now deteriorating sharply; the merchandise deficit has become too big to be paid for by services sold to foreigners. And since 1990, the positive balance on investment income has been shriveling as foreign investment in the United States has grown faster than U.S. investment abroad. In 2002, the balance turned negative: for the first time the United States is paying foreigners more investment income from their holdings here than it receives from its own investments abroad.

"Like most gaps between income and expenses, the current account deficit is covered by borrowing. In 2002, the United States borrowed \$503 billion from abroad, a record 4.8 percent of GDP. When foreigners receive dollars from transactions with U.S. residents (individuals, companies, governments), they can use them to buy American assets (U.S. Treasury bonds, corporate bonds and stocks, companies, and real estate). This is how the United States turned into a debtor nation in 1986; foreign-owned assets in the United States are now worth \$2.5 trillion more than U.S.-owned assets abroad. By mid-2003, foreigners owned 41 percent of U.S. Treasury marketable debt, 24 percent of all U.S. corporate bonds, and 13 percent of corporate stock. U.S. companies are continuing to invest abroad, but unlike the British Empire in the decades before the First World War, the United States is unable to finance those investments from its current account. By contrast, Great Britain's current account was in surplus, averaging 3 to 4 percent of GDP

every year from 1850 to 1913, when income from services and foreign investment was larger than its merchandise trade deficits.

"So far the global investor class has seemed willing to finance America's external deficits, but it may not be forever. The deficits are exerting a downward drag on the dollar, arousing suspicion that the United States favors a cheaper dollar to help pay off its ballooning trade deficit. As the dollar declines in value, the return to foreign investors on dollar-denominated assets falls. German investments in choice office properties in New York, San Francisco, and elsewhere were cut back sharply in 2003. While the buildings were becoming cheaper in euros, rents were shrinking when converted from dollars back home. 'We can get the same return in Britain and the Nordic countries, so why go to the United States, where the currency risk is greater' asked the chief investment officer of a Munich-based property fund. Until recently all Organization of Petroleum Exporting Countries (OPEC) sold their oil for dollars only; Iraq switched to the euro in 2000 (presumably terminated with extreme prejudice in March 2003), and Iran has considered a conversion since 1999. In a speech in Spain in April 2002, the head of OPEC's Market Analysis Department, Javad Yarjani, saw little chance of change 'in the near future...[but] in the long run the euro is not at such a disadvantage versus the dollar. The Euro-zone has a bigger share of global trade than the US and...a more balanced external accounts position' Adoption of the euro by Europe's principal oil producers, Norway and Britain, could create 'a momentum to shift the oil pricing system to euros.' Thus, concluded Yarjani, 'OPEC will not discount entirely the possibility of adopting euro pricing and payments in the future.'"

Professor Du Boff's data confirms much of what we have recorded over the past two decades and longer. The trend of U.S. political economy is readily discernable. Du Boff's research highlights Marx's maxim in bold relief that "politics is crystallized economics." The continuing decline in U.S. economic power relative to its European competitors is the central explanation for the increased belligerence of U.S. imperialism and its drive to undermine the standard of living of U.S. workers.

There will be no significant recovery for American workers. The "jobless recovery" is a permanent feature of working class life. Good paying jobs will increasingly be replaced by second and third tier wage jobs putting whole groups of industries back to wage levels of three and four decades ago.

Machines will continue to replace human labor power at increasing rates. The result will be more unemployment and longer, not shorter, hours for all workers.

In the past ten years average hours worked in families where two members were employed increased from 34 per person to 42 with no pay increase, a startling statistic but a figure entirely consistent with the laws governing capitalist development.

The jobless recovery and the limits to de-industrialization

Many have asked whether there is a limit to the "de-industrialization" process underway.

Can American capital, for example, indefinitely offshore better paying industrial jobs? We have always answered this question in the negative for several reasons.

First and foremost, de-industrialization is a political question associated directly with the workers' movement and with U.S. capitalism's global competitors. A strong worker's movement can thwart corporate plans to move production abroad. It is a simple question of the coordinated exercise of working class power. Absent this, as is the case today, the relatively free movement of industrial plants, like capital in the money form, is largely unimpeded.

But the ruling rich pays a price for its decisions to relocate plants to low wage regions, a price measured at first only at the molecular level, that is, at the level of minute changes in consciousness stemming from the growing realization that the capitalist system itself is deadly to workers. Eventually, the molecular changes, ("invisible changes") in consciousness give way to struggle, strikes and other class confrontations. The ruling class has proceeded with a measured regard for the result of its decisions. They are fully aware that moves that are too aggressive and abrupt can provoke a giant response.

Second, the U.S. ruling rich fear the lack of stability in other countries and are reticent to place major sections of U.S. industry in locations where production could be halted, thereby threatening the broader production process. The location of a major parts factory abroad, for example, that is subject to workers power could have a major effect on an American corporation's ability to bring its products onto the world market. Caution is called for!

The political limitations of plant relocations are the most critical from the capitalist viewpoint, although the pressure to move to low wage regions of the planet to remain competitive is inherent in the system as a whole.

And finally, as we have stated, in the longer run, the process of proletarianization of the workforce associated with plant relocations and the resulting rise in the class struggle globally eventually reduces, incrementally, the benefits of the original cheap labor. At the same time, the benefits of the competitive advantage gained in the low wage marketplace by relocation, even in the short term, are at least partially, if not totally, negated by the associated drive of America's corporate nemeses to do the same thing.

If what we have written has a contradictory content, it is because of the contradictory nature of capitalism itself, or as Marx would explain, the dialectical nature of capitalist development. Yes, there is an inherent tendency of the average rate of profit to fall. But the capitalists are driven to fight this tendency with every means at their disposal, from plant relocation or modernization or attacks on wage levels to plant relocations, super-exploitation of foreign labor and even to war.

Hence, the growing inter-imperialist rivalry for new markets, including new sources of cheap raw materials and cheap labor. These factors underlie the neo-colonial moves on the part of the great powers, including the need to station troops on the ground to not only

conquer new markets by force and maintain order but to limit the penetration of foreign capital.

The stock market continues to be manipulated by speculators. Its recent rise has little correspondence to significant profit increases although it was inevitable that some profits would be registered when measured against the massive losses recorded over the past three years. The long waves of stagnation, as Ernest Mandel noted, are always interspersed by minor upward fluctuations. The latter, in recent months, are also a product of the attempt by Japan and some European nations to stabilize the value of the dollar by investing in the U.S. stock market. The declining value of the dollar, while dangerous in the longer term, has provided a boost to U.S. exports by lowering their price on world markets to the disadvantage of America's competitors.

The latest Enron indictments, wherein Enron top executive Anthony Fastow confessed to massive manipulation of the books to turn multi-billion dollar losses to major gains, continues, despite toothless legislation to make corporate financial balance sheets more honest. Cooking the books is far from unique to Enron just as election promises and media hype about the "recovery" are employed to counter unpleasant realities.

Mission to Mars, military spending and imperialist war

The ruling class hype about sending another astronaut-based mission to the moon, and then ten years later to Mars, was pulled off with a finesse that was hardly thought possible. President Bush's speechwriters crafted a poetic vision of the heavens that had Bush sounding like a lyrical Captain Kirk. The masters of deceit had Bush projecting space exploration even "beyond" Mars while dreamy media eyes glazed over in wonderment.

In truth, space exploration is analogous to military spending, that is, it is an industry where profit rates are astronomical because there is virtually no competition. But like the war economy, it requires massive deficit spending. The ruling rich see no alternative than Keynesian pump-priming at a level never recorded in history. It is only a matter of time until the U.S. debt itself becomes a critical factor in world economy, threatening to bring the whole system to a spectacular halt.

In the meantime the U.S. has boosted military expenditures to record highs, \$400 billion this year alone. Of course, the inherent need to actually use these weapons drives the industry forward. There is nothing like a good war to justify the need to replace what was used, not to mention the expenditure of additional funds for the next generation of weapons of mass destruction.

But make no mistake! The U.S. has every intention of using the weapons it produces. It has restructured its international operations from NATO in the West to advanced outposts already established in the Balkans, Central Asia and the Middle East. The latter are designed as relatively small, sleek and agile units armed with the latest in modern weaponry and capable of delivering lethal power to contested areas within days. The U.S.

military as a whole is being similarly redesigned based on the premise that relatively immobile forces grouped in large concentrations and distant from the field of action are inefficient means for today's ends. What was military policy yesterday, and still a dream, has been declared obsolete today. Yesterday envisioned a U.S. military with the capacity to conduct two major wars simultaneously. Today the idea is to be able to intervene and conquer on multiple fronts.

The U.S. will not be the first great power to extend its armies beyond its capacity to administer what it has conquered. Iraq is but a small example of what happens when there is even a semblance of resistance. But the U.S. example has not gone unnoticed. A process of re-armament is underway worldwide, with all the major players understanding clearly that it will take more than economic power, as per the combined productive capacity of the 600 million people of Europe, to challenge U.S. hegemony. But the direction of European economic unification is clear with the major players understanding the European Union is a necessity of that continent's capitalist classes are to remain competitive against the American megapower.

This is not to say that war is imminent between Europe and the U.S., that is, war directly waged among countries like France, Germany and the U.S.

Today's wars are more indirect. The political battle in the UN WAS a war of sorts between Germany/France on the one side and the U.S./Britain on the other. It ended up as a real war with a U.S. invasion of a nation that Germany and France preferred to exploit. Such wars are likely to continue into the indefinite future as the major imperialist powers move to buttress their military positions on every continent.

In the long run, however, we cannot rule out major wars between the competing imperialism's, including of the nuclear variety. The maxim, socialism or barbarism has not been ruled obsolete. Ruling class political insanity, driven by economic necessity, has prevailed in the past. The fundamental contradictions between the great power blocs can eventually be expected to bring unknown horrors to the earth's people. Socialist revolution is still the only alternative.

Meanwhile, the process of capitalist globalization continues, creating a new generation of proletarians in nations whose development had been restricted to near-feudal social relations not long ago. And these workers in turn, whether in Asia, Latin America, or Africa, confined to sweatshop-like conditions reminiscent of the 19th century, are beginning to challenge their new bosses as their predecessors in the West did before them.

It is only a matter of time until one, and then another, and then several sections of the working class, anywhere and everywhere, in the poor nations and in the advanced centers of capitalist power, take the class struggle road and give the bosses an experience in workers' power that will shake the system to its core and reverberate around the globe.

Free trade vs. protectionism

Marx responded clearly to the question as to whether socialists should prefer free trade or protectionism. He noted many times that each reflected the differing needs and stage of development of sections of the capitalist class within national borders and worldwide. Workers had no interest in siding with one or the other wing of capital, said Marx..

Protectionists are most often associated with those sections of the corporate elite whose level of industrial technology lags behind the more advanced sectors. Simply put, they can't compete. They need the assistance of their government to protect their industry against others with more advanced technologies. Protectionists whose market is WITHIN the U.S., for example, prefer "regulation," that is, government intervention to regulate prices and other aspects of the market that guarantee them profits regardless of the poor quality of their factories, products or services.

At the level of worldwide competition, protectionists prefer government intervention to protect their industries against superior foreign products that undersell their own. They demand tariff protection, the imposition of a tax on competing foreign products, in order to raise their price and thereby render their own products, even inferior products, more competitive,

Free traders reject all tariffs and government actions to prevent the entrance of their products in any and all markets of the world. These are the capitalists whose supermodern technology and/or other competitive advantages makes their products both superior and cheaper to those of their competitors.

Marx observed that protectionism temporarily served to slow the pace of capitalist competition, insulating weaker nations from better products abroad thereby prolonging their life, their ability to stay in business. Free trade, on the other hand, speeds up the process of capitalist development and intensifies its contradictions. It tends to drive the system forward in a frenzy of innovation that more quickly brings out the worst aspects of capitalist competition. Free trade, as is the general norm among the advanced capitalist nations today, more rapidly results in driving weaker competitors from the market place. It fosters mergers and takeovers that eliminate the weak, mass layoffs, plant closures, lower wages, speedup, and finally, war, as the remaining players' rate of profit tends to decline to the point that their entire operation and related national economy face ruin.

In the underdeveloped world free trade ruins native industries that cannot possibly compete on world markets and forces whole societies into wage slavery of the most cruel type while destroying national cultures and sovereignty.

President Bush, the quintessential free trade president, nevertheless moved to impose protectionist tariffs on foreign steel manufacturers. The once dominant U.S. industry had proved incapable of competing against foreign steel from Europe, Japan, Brazil and elsewhere. But Bush's move to help U.S. steel threatened to set off a wave of protectionist retaliation from U.S. competitors who first took their case to the World Trade Organization and won. European nations threatened to impose counter-tariffs on

everything from Florida oranges to a range of other U.S. products that undercut European products.

Trade wars are a constant threat to world capitalist stability. Once underway they engender a logic that threatens the lifeblood of the entire system, the realization of profit through the sale of commodities.

The WTO exists to try to mitigate or negotiate contested trade issues but its power is limited. The inherent tendency of the average profit rate in most all industries to fall carries with it an ever-sharpening competitive frenzy. Overproduction gluts all markets, further exacerbating capitalism's dilemma. The WTO aside, imperialism uses its power to secretly maintain protectionist policies in industries where it cannot compete. The failure of the recent Florida WTO sessions stemmed directly from a bloc of poor Latin American nations who refused to bend to U.S. pressures. The emerging Latin American bloc correctly pointed to the fact that the U.S. stands in direct violation of the WTO because of its massive government subsidies to U.S. agribusiness. Unlike the great powers, however, the poor nations of the planet lack the economic leverage to force U.S. compliance, although the Florida meeting did highlight the hypocrisy of U.S. policy and the destructive toll it takes on Latin America's agriculture-based economies.

But President Bush was forced to retreat on the steel tariff issue, claiming victory all the same based on the fact that his tariffs had survived in place for some 10 months. But the U.S. protected steel industry, temporarily free from foreign competition, used the opportunity to raise prices in its domestic market. This in turn forced up prices in the auto industry and all other U.S.-based industries that rely on steel. The result was a further loss in competitiveness of the already beleaguered auto industry and several others.

Bush's steel tariff experiment ended in failure but it highlighted all the fragility and fundamental sickness of the capitalist system as a whole. There are no solutions within this framework. It can only prolong itself at the expense of the world's workers and oppressed. The image of massive plant closures in the U.S. ruining the lives of millions of workers, increasing poverty, homelessness and all the rest is the U.S. side of the horror wrought internationally by U.S. wars against defenseless people where millions die for the sake of profits.

Civil liberties: the attacks deepen

On December 13, the day Saddam Hussein was captured, President Bush signed into law a bill that granted the FBI the right to obtain from financial institutions the power to probe financial records even if the government doesn't suspect their involvement in crime or terrorism. The Intelligence Authorization Act for Fiscal Year 2004, a legislative behemoth that funds all the intelligence activities of the federal government, included a simple, yet insidious, redefinition of the term "financial institution."

The term was originally limited to banks. It now includes stockbrokers, car dealerships, casinos, credit card companies, insurance agencies, jewelers, airlines, the U.S. Post

Office, and any other business "whose cash transactions have a high degree of usefulness in criminal, tax, or regulatory matters."

This was a partial installment of Patriot Act II. It was not widely reported in the press but is indicative of the government's direction. Lynne's Stewart re-indictment is another indication. We have received a very positive response for Lynne's present tour, including some 15 meetings and public events on five days,

At our last plenum we were reluctant to draw any hasty conclusions regarding the pace of the assault on democratic rights. We noted that the relatively passive state of working class opposition, among other factors we considered, did not require the imposition of a dramatic attack on civil liberties. While we should maintain this position, it is also clear that the general trend in implementing repressive legislative continues.

The main terrorism charges against Stewart were dismissed as unconstitutionally vague, only to be reinstated in terms even more vague. This is certainly an indication that the government seeks to make an example of Stewart, an example that will definitely have the effect of chilling the exercise of fundamental democratic rights. Stewart agrees.

The more strict enforcement of the laws that make travel to Cuba illegal has also proceeded apace. Large fines are being imposed more frequently and violators have been detained at airports while FBI visits to the homes of Cuba travelers have escalated.

It would seem to be a contradiction that a McCarthy-era like witchhunt could or would proceed without an obvious need for such repression. We have explained our reasons for this assumption in our last Political Resolution. But it is also clear that ruling class plans for increased foreign intervention and war, deepening attacks on wages, the increased offshoring of basic industries coupled with a generalized assault on social services of all sorts from Medicare and Social Security to health care and basic food prices, are also being pursued today with a vengeance. Close attention to the state of civil liberties is essential. It may be that the pace of the attacks will be escalated more quickly than we currently presently anticipate.

The defense of civil liberties and democratic remains an important part of our work from the defense of Mumia Abu-Jamal to Lynne Stewart and more recently to stepped up work in the case of innocent death row San Quentin inmate Kevin Cooper.

The state of Black and Latino America

Every statistical study indicates that the decline in the standard of living among whites, however severe, does not compare to the effects on America's oppressed nationalities. Among Blacks unemployment rates are close to double based on official statistics. The data for Latinos is not far behind. The real figures are far worse. Affirmative action program are being gutted, schools are re-segregated and job opportunities in decline, all as poverty rates rise.

Bush's proposed immigration reform threatens to establish a permanent roster of "illegal" workers who are subject to easy identification and future deportation. The plan envisions providing low wage jobs for Latino immigrants "provided that U.S. workers," according to Bush, "don't want them." Simply put, the idea is to amass a pool of cheap labor to supply the needs of U.S. agribusiness as well as a reserve force to compete for minimum wage service sector jobs or work as domestic servants.

Blacks and Latinos are also increasingly subject to police brutality and racist sentencing laws and discriminatory practices that have filled the nation's growing and profitable prison-industrial complex with some 2.6 million people, the majority oppressed nationalities. The increasingly privatized prisons also serve as a source of cheap labor hired by some 100 U.S. corporations, who offer wages at 25 cents per hour.

We have written extensively about the crisis of leadership in the communities of the oppressed, not to mention in the broad labor movement and in U.S. society more generally. The crisis has deepened with the ruling rich still relying on the Democratic Party in conjunction with Black churches to contain the inevitable radicalization.

Howard Dean's South Carolina primary campaign is an indication of the attitude of racist America toward the Black America. Dean left the campaigning for the Black vote to local Black politicians and ministers while he focussed on largely white audiences, that is, those he expected to cast a vote.

The majority of the entire eligible population don't participate in the electoral process today; the figure for the Black community is considerably higher, indicating a basic alienation from a political system where the dual parties of the oppressor have nothing to offer. The Black turnout was down five per cent in some districts in San Francisco during the recent race for Mayor between Green candidate Matt Gonzalez and the racist but still Willie Brown-backed Democratic Party machine who ran Gavin Newsom for the city's top post. It was Newsom who had previously led the ballot initiative fight to clear the city's streets of the homeless.

Willie Brown, a Black politician with finely honed machine skills, including perhaps, the capacity to stuff a few ballot boxes or otherwise rig a result, nevertheless counted on a solid Black vote, to the extent it was cast. The latter was a product of Brown's longterm patronage to Black churches in return for which his minister friends delivered their communities, at least to the extent it remains possible to cajole Blacks to vote in the framework of a system that has nothing to offer.

In the recent period we have seen an increase in the number of Blacks who have come to learn about Socialist Action. Five have asked to joined our party in the past month and almost an equal number are attending our classes in San Francisco. While it far too early to draw any general conclusions from these modest advances, we can certainly be proud to have won to our party the first layer of Black youth in some time. It bodes well for the future and causes us to redouble our efforts to build the multi-racial revolutionary party that is an absolute necessity for the coming American revolution.

Youth radicalization

The fact that 100 youth have signed up to join the YSA on our website is significant. While we have come to understand that a website sign-up is a far cry from making a serious commitment to join a revolutionary youth organization, not to mention Socialist Action, we have also learned that a small portion of these YSAers have maintained regular activity and that a few have joined Socialist Action. It is also indicated by the steady flow of youth into our public bookstore in San Francisco, our capacity to hold regular, if not modestly attended classes twice weekly, the decision to join SA of three, now four, Black youth in Mansfield, Ohio and our receipt of several phone calls from youth expressing an interest in our politics. None of these facts indicate a major change in the times. But together they indicate that the basis exists for modest but steady recruitment, the experience we have marked in the Duluth/Superior/Ashland/Twin Cities region and in San Francisco.

We have also observed the steady involvement of youth in the antiwar and anti-globalization movements. Adam Ritscher will discuss our youth perspectives and work in a separate report.

Mumia Abu-Jamal: A critical year ahead

The fight for Mumia's freedom and perhaps his very life may see its final battles fought in 2004. At present Mumia's case is in litigation in three courts, the most important of which is the U.S. Court of Appeals, Third Circuit. A promising recent Supreme Court decision in the Miller-El case appears to amend the reactionary Anti-terrorism and Effective Death Penalty Act thereby allowing consideration of critical issues that the Federal District Court previously refused consideration. This could allow Mumia's attorneys to successfully re-introduce some 20 critical points previously raised in Mumia's federal habeas brief.

There is no doubt that Mumia's case is now on the "fast track," meaning that all of the outstanding issues could be decided in a short period of time.

Still pending, and a potential bombshell, is the appeal by the Pennsylvania prosecution of a decision that changed Mumia's execution order to life imprisonment. If this appeal, also to the Third Circuit, is successful, Mumia could again be subject to execution.

On the political front Mumia's decision to hire death penalty specialist Robert Bryan in place of the less experienced previous team, can be expected to resolve some of the internal difficulties Mumia's defense committee encountered over the past period.

The potential for broadening the social base of his defense effort is more realizable than in quite some time. April 24, Mumia's 50th birthday, has been set as a day of nationally-coordinated bi-coastal mass actions for Mumia. San Francisco and Philadelphia, where

the support for Mumia is the greatest have been set for the major mobilizations. The April 24 actions will mark a departure from previous practice. The main demands of Free Mumia!, Stop the Execution! and Abolish the Death Penalty! will be retained. But both the literature and orientation in building the march will be to include references to the ideas that Mumia himself expounds, that is, opposition to U.S. wars, defense of civil liberties and other basic rights. The idea is to have what amounts to a multi-issue demonstration, without in fact making agreement with Mumia's ideas a prerequisite for endorsement and participation. We will continue to help lead in this important struggle.

70,000 Southern California grocery workers: Lessons of a failing strike

The three-month grocery strike of 70,000 members of the United Food and Commercial Workers union is nearing a bad end. It is a strike that had all the potential to deal the employers a severe blow. Union power was initially exerted when Teamster drivers, at least at some distribution centers, respected union picket lines, stopping cold the distribution of food from these facilities. A real alliance between the UFCW and IBT could have shut down the entire industry, assuming that is, that the striking union decided to picket all three of the major supermarket chains.

Of course, the above scenario, simple and powerful in conception, never came to be. The worthless bureaucracy decided to limit picketing to one of the three chains, Safeway, supposedly to put decisive pressure on it for a settlement. Safeway and the other chains, however, had no intention of losing this strike by stupid mistakes or counterproductive rivalry. They agreed to finance each other's loses. They signed a pact to share their take with whomever the union decided to picket.

Additionally, the UFCW, in a "gesture of good will to the employers," shortly removed its pickets from Teamster-organized warehouses, whereupon the bosses happily resumed deliveries to the struck Safeway stores. Threats aside, the UFCW rejected spreading the strike to other regions of California and even nationally. The sum total of the union's actions, or inaction, is to prepare the ground for the coming sellout. This has been the pattern in this industry for decades. The combination of union incompetence, corruption, absence of rank-and-file input, not to mention control, and employer determination and clarity adds up to a defeat of massive proportions.

The bosses, as usual, were well-prepared. They moved to eliminate, via the imposition of a two or three tier wage system, the basic hourly wage of \$17, along with the fringe benefit package that provided substantial health care coverage.

They gave as their reason the decision of the super-behemoth Walmart to build some 200 Supercenters in California. Non-union Walmart provides no health care and pays \$8.00 hourly. It boasts the ability to undercut regular grocery chain prices by 11 percent. Walmart is the world's largest corporation and currently accounts for 19 percent of the supermarket food sold in the U.S. The figure is 30 percent in Mexico.

The U.S. supermarket chain giants of the past are now challenged as in every other major

industry on the planet, by the next generation of competitors. The workers are always the victims, unless, that is, they launch a fight that includes the full exercise of their class power in alliance with the broader labor movement. This will be a fight to close down an entire industry and in the course of the struggle to unite all working people.

This kind of fightback is not in the cards today. At best we are witnessing the gross incompetence of the trade union bureaucracy, at worst, and probably the truth, these union workers are the victims of a carefully orchestrated and corrupt sellout of a hardened bureaucracy that are closer to the bosses' agents than they are to the class they betray.

What we have said about the Southern California grocery strike applies to the broader labor movement, The sleeping giant has yet to awaken to its plight. The boss class, on the other hand, is preparing even greater blows in the period ahead.

Before closing this section on a too somber note, we should call attention to the article in the January Socialist Action that reports on the response of some UFCW militants to the orders of a union boss to close down the picket line at one particular distribution center. The image of the labor fakers running for their lives with the angry and defiant workers in hot pursuit is the reality that is required to reverse the present trend. The nature of the times makes a fightback inevitable. It is just a matter of time.

Latin America

The Latin American working class has been first out of the box. We have covered its progress in our press, noting its strengths, including the power to drive from office in an instant established political leaders and governments associated with neo-liberal attacks on their hard won gains. We have also noted its weaknesses.

These massive Latin American mobilizations have not gone unnoticed by American imperialism, which recently pledged that it would not allow its cronies in Bolivia to be removed and replaced by the popular masses.

In Venezuela, the situation is similar. The U.S rulers are not prepared to allow this nation, second in the world in regard to exporting oil to the U.S., to threaten the smooth flow of this critical commodity. If the present weighty but still measured efforts to remove the Chavez regime prove unsuccessful, the kept media may turn to making Chavez another Saddam Hussein to justify an invasion. Preposterous as this may sound, it falls within the realm of the possible when the recent Bush administration's threatened attacks on Cuba and the Castro government are factored into the equation.

White House Special Envoy Otto Reich, the Bush point man for preparing the ground for a U.S. invasion of Cuba, has recently turned his attention to this subject. Reich charged that "many people from Venezuela have received reports that there are hundreds, if not thousands, of military-like personnel from Cuba in Venezuela."

Cuban President Fidel Castro responded that Cuban personnel in Venezuela, 10,169 young volunteer doctors, were "serving areas where Venezuela's poorest live: attending to them and offering them medicines free of charge."

Castro added; "I hope they don't err with the Venezuelans. Right now any foreign intervention in Venezuela would face strong resistance in South America." Such an intervention, Castro continued without mentioning the U.S., "would ignite a powder keg in all of South America, right down to Patagonia. You can't govern this hemisphere of hundreds of millions of people with a rifle and bayonet on every block, in every factory, in every school and on each street."

In recent months Bush Administration threats against Cuba have escalated. Top U.S. officials liken revolutionary Cuba to a nation of prisons filled to the brim with dissenters crying out for "democracy." A military attack on Cuba cannot be excluded, prepared well in advance by any number of provocations. Our defense of Cuba's move to imprison CIA-funded "dissidents" and to impose the death penalty on three hijackers was an important contribution to the discussion taking place among all groups who see the Cuban revolution as a symbol of revolutionary defiance.

Those who took the occasion to attack Cuba, while assuming the stance of progressive antiwar activists, were compelled to retreat when Cuba responded firmly to its accusers and circulated its own petitions to challenge its attackers to take sides. The social democrats and liberal red-baiters largely declined, their true colors exposed, while those who did support the right of the Cubans to self-determination and opposed the U.S. threats to invade signed on to associate the names with defense of Cuba.

The visit of Noam Chomsky to Cuba, for example, had unexpected results. Chomsky had been a harsh critic of Cuba and had signed one of the petitions initiated by the red-baiters. He had previously declined invitations from the Castro leadership to experience the country first hand. But Chomsky, to his credit, backed off and accepted a renewed invitation. His visit was noteworthy in that he refrained from repeating his previous criticisms and instead wrote glowingly about Cuba's social achievements while stating clearly that Cuba remained the world's number one victim of U.S. terrorism.

Brazil: The limits of reformism and the popular front

Lula's reformist Workers Party (PT) and popular front government have come under increasing pressure. A two-thirds vote in the Brazilian House and Senate was needed to pass his hated pension "reform." He achieved it, but only as hundreds of thousands of angry workers demonstrated in disgust outside. After massive pressure on his own party deputies, including threats of expulsion that were carried out, he achieved what the imperialists wanted, thereby further linking Brazil to imperialism's austerity measures and maintaining its commitment to pay off its "obligations" to the IMF and World Bank.

Brazil has proved in the negative the validity of Trotsky's analysis. In the epoch of imperialist decline, reformist unions and workers' parties have no future other than as

enforcers of the capitalist status quo. Either they meet their obligations to their class and challenge the bosses' class offensive in a revolutionary manner or they will be crushed - compelled to function as little less than an instrument of the capitalists for the disciplining of the workers.

Lula came to "power" through an unprincipled electoral alliance with the capitalist Liberal Party. The resulting popular front or coalition capitalist government signified the PT's subservience to the corporate elite, its submission, in advance, to the dictates of the IMF and its U.S. potentates. There was no principled basis for supporting this PT/Liberal Party popular front election campaign.

The results were predictable. The PT, including our compliant Fourth International (Socialist Democracy tendency) comrades, minus one in the Senate vote, Heloisa Helena, bowed under the pressure. [Helena had reluctantly and incorrectly supported the national PT/Liberal Party electoral coalition but refused to be a party to the coalition capitalist slate in her own locality. Following her defiance of the PT parliamentary fraction in regard to the pension vote, she was expelled from the PT and has recently joined a new regroupment of revolutionary groups and individuals.]

At a time when concessions to the workers' movement are not within the framework of capital's options, Lula's PT was handed the reins of power in order to accomplish what ruling class parties in Brazil and elsewhere had not been able to do without massive opposition. Lula took on the assignment, fully prepared to discipline his own party, including purging it of dissidents who harbored illusions in regard to what could be done to fight back within the PT's reformist framework. The purge from the PT ranks of all those who voted against the party's reactionary legislation was a move that cannot be ignored. It was a warning to those comfortable radicals who had become accustomed to PT patronage that the spigot of reward for political subservience would be shut tight if anyone dissented, if anyone refused to play by the rules of the system of oppression.

And there IS patronage for those who accept the rules, including for our own comrades who have been promised the mayor's position in at least two important cities. The PT is no longer a fighting party of the worker's movement and all the oppressed, as it once, at least in rhetoric and in part reality, aspired to be. It is a party experienced in governing major cities and states and now the Brazilian nation. By partaking in this process without a revolutionary perspective, the PT at the local and regional levels, had been compelled long ago to do the impossible - to implement massive social cutbacks in order to satisfy the needs of Brazilian capital to pay the imperialist debt and satisfy the needs of the people at the same time. Each region/state in the country and all its constituent parts had previously been assigned a portion of the debt, the payment of which was to be achieved by implementing cuts in social programs.

The PT in local or regional power, including our comrades who are not new to high posts, sought to lend a revolutionary twist to this "necessity." They invented the idea of a "participatory budget." They mobilized their constituencies in democratic (as far as we know) mass assemblies where the budget components were presented and the people

were permitted a participatory, if not a decisive role in deciding what was to be cut. The PT won the "right" to meet Brazil's obligations to the imperialist banks that the national government had parceled out to each locality. Lacking a revolutionary perspective and the will to implement it in a transitional manner, it had no other choice.

We are not familiar with the details of this process. But the results are usually negative in as far as the interests of the masses cannot be satisfied within this agreed upon framework, that is, the maintenance of private property and the profit system.

Today both the PT and our FI section are in crisis - the PT because it is without a perspective other than reformism and the DS because it continues in the idiocy that the reformist PT is really ITS party. Indeed, the DS has virtually abandoned the perspective of building itself as a mass revolutionary party aimed at leading the Brazilian masses to power. It limits itself to functioning as a "tendency" inside the PT that presumably wields some influence and therefore receives a number of government posts and other positions when the PT wins an election. Hence, some time ago the DS/PT candidate won the election for the position of mayor of Porto Alegre, the city that hosted a World Social Forum conference of 50,000.

The DS has virtually no independent functioning outside the PT. While it claims a membership of some 2,000 militants, it lacks a functioning national headquarters, not to mention offices outside the capital. Its newspaper, *En Tempo*, is a quarterly. A party of 2,000 is capable of a weekly newspaper at the minimum. The ranks and leadership of the DS see the PT newspaper as their own despite the fact that the official PT paper carries articles attacking dissident DS members.

The Brazilian experience has been largely kept from the ranks of the FI. Worse, the experience has been cast as a model for other sections. We have attended IEC meetings where we were told that the PT was a revolutionary party, that it was the FI's model, a multi-tendency, democratic, mass party of the working class and its allies. It was the highest expression of the FI's "regroupment" orientation. It was "our" party. The FI's ranks have been badly misinformed.

We now learn that some 70 percent of the delegates to the last national convention of this "worker's party" were lawyers, that its democratically adopted program was trashed when its leaders, who today run the government, authored legislation to gut worker's pension programs to satisfy the needs of capital.

Our Brazilian section does not really function as a party. Its ranks, 2,000 members, have no local branch headquarters and little or no independent functioning outside the reformist PT. It was only after we sent a leading comrade to Brazil where he attended the DS national conference, that we began to learn the truth.

When the PT went into crisis, so did our section, whose very life consisted of maneuvering in the PT framework. We witnessed a similar project in Mexico, where the 5,000 member FI section disintegrated after its decision to back the capitalist candidacy

of Cuatemoc Cardenas. In truth, the disintegration process began long before when the Mexican PRT "won" legal" status and began receiving government funds and other amenities to run its operations. We will not take the time here to review that tragedy.

Initial contacts with the Latin American revolutionary left

It would be the height of sectarianism to limit our analysis of the Latin American situation to the fact that a revolutionary leadership, that is, a revolutionary party deeply rooted in the struggles of the workers and oppressed, is absent. Such a leadership can only be constructed in the course of such struggles. What is new today is the fact that past counterrevolutionary leaderships that subordinated mass struggles to alliances with so-called progressive capitalists are largely, but not entirely, absent from the scene. Here we refer to the mass Stalinist parties oriented to the Soviet bureaucracy. The latter served as a bulwark against socialist revolution for a half century and longer.

The coming struggles will not face such formidable obstacles. The fact that a number of important revolutionary organizations on the Latin American scene, however modest in size, are associated with Trotskyism in one form or another represents a gain for the revolutionary movement. As the radicalization deepens and these currents prove capable of sinking deep roots in the emerging organizations that rise up to give direction, such as mass assemblies and other soviet-type forms, we are likely to witness a decline in past sectarian positions. We have always understood that such positions were largely a product of isolation from such struggles either because of the power of the mass Stalinist parties to exclude the revolutionary left or their capacity to divert promising struggles into reformist channels. Our initial contact with some of these Trotskyists has been promising. After many decades we find ourselves able to engage in direct exchanges with comrades who are struggling to find a way to the masses and build mass revolutionary parties based on a class struggle program.

At least in the decisive countries Latin America has proved to a critical center of the world Trotskyist movement. The sectarianism and rigidity of the previously dominant Morenist current appears to have given way to a wide-ranging differentiation wherein several groups, today open to consideration of critical ideas they had previously rejected, have emerged. These ideas include the formation of an international Trotskyist movement based on the FI's historic program but not bound by the Morenist insistence on so-called international democratic centralism.

In practice, in Latin America and elsewhere, this Morenist practice amounted to the bureaucratic control by a single relatively large section of several or even scores of smaller groups. Command functioning, usually at the behest of the "caudillo" top, became a substitute for frank exchanges between comrades whose political life and functioning reflected different national experiences in the struggle to build Leninist parties. We intend to deepen our relations with Latin American Trotskyists with the long-term goal of helping to facilitate discussion and eventual unification of all those who understand the necessity of rebuilding a world party of revolutionary socialism. Undoubtedly, components of the FI will be a part of this process. In the short term we

intend to maintain our fraternal participation in the FI despite its many weaknesses.

The Fourth International today

The FI today remain in crisis. We had hoped that the decisions of the last World Congress, influenced by the resurgent French section, the Revolutionary Communist League (LCR), would have served to help reverse the long-term political retreat we had noted and fought against for the past two decades. We expressed this optimism at the last plenum.

The growth of the LCR, doubled in size in the past few years and able to play an important role in major aspects of the French class struggle, has been impressive. The LCR's new project, however, of building a new, broader and still undefined "anti-capitalist" party is still unclear, as are many other aspects of its program and functioning. We are not close enough to the LCR to answer the many questions that have arisen. Is the contemplated new party, for example, to be like the reformist Brazilian PT? Will the LCR retain its own party as a revolutionary component of the FI or subsume itself in this projected new party? Has the LCR leadership reconsidered its past positions subordinating class independence to support for a variety of bourgeois formations from the South African ANC to electoral popular fronts in Latin America, to openly bourgeois candidacies like that of Cory Aquino in the Philippines? We suspect that the LCR, a very heterogeneous party of 3,000 militants, may harbor a variety of positions of these questions. We also suspect that the critical programmatic issue of class independence is far from resolved as evidenced by the LCR's lack of clarity on the Brazilian elections as well as its inability to help correct the major errors of the Brazilian section, including its continued participation in the Brazilian capitalist government.

The LCR's largely uncritical support to the DS/PT, including support to the popular front PT/Liberal Party campaign, causes us great concern.

The related support of or acquiescence to Brazilian class collaborationist policies of the FI sections more generally, is also cause for alarm. Despite our small size and limited influence, we have long sought to counter these fundamental deficiencies in FI politics and functioning. We intend to continue to do so within the limitations of our too modest resources. Limited cadre and our absolute necessity to sharply focus our attention on recruitment.

In the longer term, we see a regroupment of Trotskyist forces that have proven their capacity to intervene in the class struggle and build viable organizations as the best option for the strengthening and rebuilding of our world movement. We expect that this perspective will emerge as a reality with the rise of the class struggle. In the meantime our patience is required combined with consistent work to build our revolutionary nucleus in the U.S.

Trotsky's account of his horse-driven carriage ride to Zimmerwald, Switzerland in 1915, 50 years after the founding of the First International, is instructive. The entire caravan,

headed for a conference of diverse forces, revolutionaries, pacifists, centrists, etc, consisted of a just a few vehicles filled with a tiny group that stood in opposition to the first imperialist war, WWI. The participants, according to Trotsky, confident in the socialist future, laughed when they contemplated their minority status in the world movement.

The International they had built had crumbled under the pressure of war and the long years of relative stability that preceded it. They stood witness to once proud parties, like the German section, falling prey to parliamentary cretinism, opportunism and finally chauvinism and war. Yet barely two years later, several in the small caravan went on to lead a revolution in Russia that "shook the world."

Lenin was a minority at the conference. Trotsky, still absent from the ranks of the Bolsheviks, wrote the famous antiwar Zimmerwald Manifesto which, however limited, represented the basis for the rebuilding of the world revolutionary movement. Trotsky was later to observe that the most important mistake in his political career was his 1903 decision to break with Lenin and reject participation in the Bolshevik section of the Russian Social Democratic Labor Party. Trotsky's conclusion to this effect was only drawn later in his life when the absolute need for the revolutionary combat party was demonstrated in life itself. "There was no better Bolshevik," said Lenin, "than Trotsky after he joined our party in 1917."

The struggle to build the revolutionary party in Latin America, in the United States and worldwide has no less importance today. The historic program of the Fourth International and the assembling of its initial fighting cadre was Trotsky's most important legacy to the future vanguard that would carry the FI's banner. We are proud to be among them.